

# The Privatization of Public Education

By Richard Hunter, Ed.D.



For-profit education is not a new focus for public schools in the United States. It has been around for several decades, has stimulated considerable controversy, and has been heralded by some as a panacea for improving learning for the nation's public school students.

For-profit schools are run by private, for-profit companies or organizations often referred to as educational management organizations (EMOs). For the most part, for-profit or privatized schools are funded by the local, state, or federal government and offer free education to public school students (Bracey 2002).

These EMOs offer "hard services" and "soft services" (Russo and others 1995). Hard services include books,

supplies, food service, and transportation. Many public school districts contract with for-profit companies to provide services in these areas and have done so for many years. Soft services include administration and instruction. When EMOs offer soft services, they take over the operation of the school and provide principals, teachers, and classroom instruction.

## Supporting Privatization

Why is public education being privatized? Murphy (1996) identifies several reasons, including the following:

- A rising tide of discontent about public education's ability to properly educate students
- A perception that government is attempting to do more than it should with regard to education in the United States
- Poor performance in the public sector, including education
- Prolonged budgetary pressures
- The resurgence of the political right and its influence over government
- The expansion of pro-market forces
- Increased interest in the political system's pointing us toward greater privatization of government services.

People believe that public education, which they associate with the government, is inefficient and the private sector is efficient. Thus, if government services are privatized, efficiency will increase and scarce resources will be saved.

Governments and school districts contract out services for other reasons: to solve labor problems, to produce higher-quality services, to reduce implementation time, to promote shared risk between the government and the private sector, and to help the government avoid local political problems sometimes associated with labor unions (Hunter 1995).

## Opposing Privatization

Arguments against contracting with for-profit companies for hard or soft services are embedded in the following statements:

- **Political implications** must be considered because sometimes there is great opposition to privatizing government services. Opposition often comes from employee unions, but it can come from parents as well.

- **Decreased managerial control** accompanies contracting out services. For example, with regard to school bus transportation services, I've experienced a situation in which a for-profit company would not pick up students during inclement weather because of a labor agreement with the union. Consequently, many students were forced to walk home in the snow.
- **The quality of services** can suffer with for-profit companies that are concerned with making money and reducing costs. For example, in the Baltimore City Public School District, the for-profit company eliminated special-education services in the schools they were contracted to operate because those services were too expensive and cut into their profits.
- **The reliability of services** can be suddenly interrupted when the company providing the services goes bankrupt or experiences a shortfall of cash.
- **The potential for improprieties** increases because of possible corruption in the bidding process. The favored company may be incapable of providing the services specified in the contract (Lyons 1995).

Another reason people oppose public school districts' hiring for-profit companies is the cost of the contracted services often increases dramatically after the company's initial contract. Some attribute this rise in cost to the

underbidding by for-profit providers who want to get the initial contract and demonstrate to school districts that there are greater efficiencies in contracting out.

Unfortunately for school districts, such an increase happens after they have disposed of their equipment and personnel and no longer have the ability to provide the services they have contracted out to the for-profit company. Thus, the for-profit company has the school district over a barrel, and the district is forced to pay increased costs for the services (Hunter 1995).

## **People believe that public education, which they associate with the government, is inefficient and the private sector is efficient.**

The National Education Association (2010) offers yet another argument against for-profit companies by indicating that public officials are less accountable to the patrons of school districts when services are taken over by private contractors.

Bracey (2002) argues that a war is being waged on public schools in the United States and identifies the en-

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mies as conservative foundations, media, higher education, business and industry, Christian and political conservatives, and the enemy within. Bracey questions the motivations of governors, state boards of education, and legislators who have created unreasonably high pass rates for state accountability tests for public school students as a justification for privatizing public schools.

## The Future of Privatization

The number of public schools being operated by EMOs increased from 18,375 schools and 180,632 students in 2002–03 to 24,483 schools and 227,740 students in 2004–05. However, the number of EMO-operated schools declined to 23,457 schools and 218,675 students in 2006–07. These data suggest the growth of privatization in public education may have slowed and appears to be stabilizing (Molmar and others 2007).

On the other hand, the increase in the number of charter schools advocated by the Obama administration in grants to states under the Reach for the Stars program may significantly expand the opportunities for EMOs to provide more “soft services” to public school districts (King and Martinez 2010). Is public education likely to be taken over by privatization? Bauman (1996) says no and maintains that the public education system is too large and entrenched to be privatized.

## WHAT SCHOOL DISTRICTS DON'T KNOW

This fall, the Center on Education Policy recently released a report highlighting the extent to which school districts have experience implementing the four federally mandated school reform models meant to “turn around” the nation’s lowest-performing 5% of schools: the turnaround, restart, closure, and transformation models.

According to the report, *School Districts’ Perspectives on the Economic Stimulus Package: School Improvement Grants Present Uncertainty and Opportunity*:

**More than one-third of the nation’s school districts were unfamiliar with the four models, and few districts had implemented any of them.** Fewer than 12% of the nation’s school districts had implemented any of the models in one or more schools.

**Fewer than 12% of districts had received assistance from the state for any of the four improvement models.**

More districts—although still a small minority—had received state assistance with the turnaround and transformation models, rather than with the restart and closure models.

**Districts that implemented the models had varying degrees of success with them.** For three of the models (turnaround, restart, and closure), there were no differences in the estimated percentages of districts that had positive results versus those that had unknown, mixed, or poor results. For the transformation model, roughly 91% of the districts that tried this model had positive results.

## Conclusion

There has and will continue to be great concern over the lack of effectiveness and efficiency of the public education system. The majority of this ire should be directed at the schools that primarily serve low-achieving minority group students (Hodgkinson 1991).

Most of the for-profit or privatization projects that provide “soft services” are located in school districts that serve such populations, although evidence suggests that for-profit companies do not have a corner on the market of educational strategies and are not succeeding any better than regular public schools at educating these student groups.

Perhaps we should reform the public education system by devoting more resources to equalize expenditures for all student groups, regardless of their race, ethnicity, community, or individual wealth. All systems are failing to properly educate the children of the poor, including all types of public and private schools, and charter schools, as well as schools that are managed by for-profit companies (Lubienski and Lubienski 2006).

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